

**Minutes of the Management Board meeting
held on Wednesday 14 November 2012 at 9.30 am**

Those present: Robert Rogers (Clerk and Chief Executive) (Chairman)
David Natzler (Clerk Assistant and Director General of Chamber and Committee Services)
John Borley CB (Director General of Facilities)
John Pullinger (Director General of Information Services)
Andrew Walker (Director General of HR and Change)
Myfanwy Barrett (Director of Finance)
Joan Miller (Director of PICT, external member)
Alex Jablonowski (external member)
Barbara Scott (external member)

In attendance: Matthew Hamlyn (Board Secretary)
Ben Williams (Assistant Secretary)
Peter Mason (Parliamentary Security Director, item 5)
Lawrence Ward (Serjeant at Arms, item 5)
James Bigwood (Savings Programme HR Business Partner, item 6)
Heather Bryson (Director of HRM&D, item 6)
Alix Langley (Head of HR Operations, item 6)
Reg Perry (Head of Employee Relations, item 6)
David Scullion (HRPPP Programme Manager, item 6)

1. Matters arising from previous meetings

1.1 Myfanwy Barrett confirmed that the Board would receive an update on procurement in January. The Board noted that this would be an opportunity to consider how sustainability could be addressed in procurement policy (the original intent of this action), and agreed that Myfanwy and John Borley would update the Board on their discussions on this in January.

1.2 Andrew Walker updated the Board on the follow up to the staff survey and undertook to ensure outstanding meetings with heads of departments took place. The Board agreed it wanted the guidance to line managers on dealing with staff on temporary promotion and fixed term contracts to be produced as soon as possible.

2. Oral updates from Directors General

2.1 John Borley reported that he had obtained agreement from the Speaker to set up a Programme Board to take forward the restoration and renewal project. A paper would be sent to the Finance and Service Committee from PEB outlining the next steps. **John Borley** provided an update on the new taxi contract.

2.2 John Pullinger would be presenting three papers in the Administration Committee on Monday. The first was on pricing structures for tours, which

would then be sent to the Finance and Services Committee. The second was a short paper on changes to Library opening hours, reflecting changes to sitting hours. The final paper was an update on the events planned during Parliament Week. The **Chairman** noted that this Parliament week looked to be even more successful than last year. **John Pullinger** updated the Board on the Parliament and Universities project, **Andrew Walker** noted the recruitment opportunities offered by this project.

2.3 Barbara Scott reported back on her first Audit Committee meeting, which had been very productive.

2.4 Joan Miller reported back on the recent Gartner conference which she had attended, which had highlighted areas for development in the ICT Strategy including information management and the use of social media.

2.5 Andrew Walker reported that the latest HAIS gateway review had given the project an Amber/Green rating. The Cycle to Work scheme was being launched on 29 November.

2.6 Myfanwy Barrett updated the Board on the proposal to transfer the staff pension scheme to the Civil Service scheme. The Finance and Services Committee had been very supportive and would be recommending that the Commission support the proposal. She had held a productive meeting with Cabinet Office officials who had suggested that it might be possible to design mechanism for the House to retain control over the handling of its voluntary exit programmes, similar to that used by the Scottish Parliament; this would be explored further. Consultation on the review of the finance function had been launched; departments had three weeks to respond.

2.7 The **Chairman** informed the Board that the House would be hosting the G8 Speakers' Conference in 2013. Volunteers would be sought from amongst staff to help organise and run this event, and he hoped that catering &c could be provided at cost. The Board were also reminded that the Audit Committee was continuing its exercise chasing the implementation of agreed audit actions. **Alex Jablonowski** requested a 10 minute slot at the next Management Board to discuss audit issues.

3. Performance and risk

3.1 The **Chairman** thanked colleagues for their teams' work in refreshing departmental risk registers and asked them to encourage managers who had not already done so to attend a risk management training course.

3.2 The Board discussed the fact that PICT risks were not contained in the departmental risk section of the Report. **John Borley** observed that this prevented a horizontal view across the House risk platform. **Joan Miller** responded that this was because PICT used the House of Lords risk management system, so PICT risks would not fit well into the format used in the report. The Board agreed that as a first step information about PICT

risks should be included in some form in the Report; issues of format, etc, could be considered later. It was also noted that the corporate risk management team were meeting Joan Miller the following week and this issue could be discussed at that meeting.

Action: OCE and PICT to ensure the December Performance and Risk Report contains information on PICT risks.

- 3.3 Alex Jablonowski** asked whether the Board had sufficient awareness of its “black swan” risks. The **Chairman** noted that further analysis of these risks was due in next month’s Report.
- 3.4 John Borley** updated the Board on staffing in PED. A number of project leaders had now been recruited.
- 3.5 The Chairman** noted the apparent increase in the FTE staff figures. **David Natzler** suggested that this might be due in part to the temporary staff taken on support the Parliamentary Commission on Banking Standards.
- 3.6 The Chairman** asked when the re-validation figures for long term sickness would be available. Andrew Walker reported that a revised report was being piloted and would be available in December.

[Myfanwy Barrett and John Pullinger left to attend a meeting on funding of POST and DIS.]

4. Alcohol Policy

- 4.1 Andrew Walker** reported that the policy had been revised following engagement with staff. The policy now proposed a voluntary rather than a mandatory approach. The revised policy had been seen and endorsed by the TUS. The policy would be reviewed after a year.
- 4.2 The Board** considered the policy. The following points were made during the discussion:
- The main issues the Board was trying to deal with through the policy were: damage to the health of staff, health and safety issues, performance issues and possible reputational damage.
 - The statistics on alcohol-related referrals of staff to the welfare service were significant. These figures should be reported regularly to the Management Board as a way of monitoring the impact of the policy. As one of the aims of the policy was to raise awareness and ensure any problems were being tackled, if the policy worked, then referrals would go up rather than down in the short term.
 - The revised policy simply recommended that staff should not drink during the working day: this was a significant weakening of the previous version.
 - The underlying culture of the organisation needed to change and this would not be achieved by a policy alone.
 - The new policy must give staff greater confidence in the referral system. Management Board Members had to raise awareness of this

issue so that managers felt empowered to address issues in their teams.

- Personal leadership from Board members would be important. Board members needed to ensure cases that they were aware of were dealt with properly.
- A review after a year (with some updates in the meantime) would provide an opportunity for the Board to take further action if necessary.
- The policy should be formally launched to coincide with the Parliament wellbeing event in February.
- Some of the language in the revised policy needed re-drafting to simplify it and make it more direct.

4.3 The Board agreed that:

- The drafting of the policy would be refined and made more direct, though without changing it substantively.
- The main messages from the policy would be shared at the senior leadership event, following which a message would be sent to all staff.
- The policy would then be formally launched to coincide with the Parliament wellbeing event in February.
- Information on referrals would be included in the performance and risk report on a quarterly basis and the Board would review the policy at the 6 month and 1 year point.
- Management Board members would ensure that they and their managers addressed cases they were aware of in their own departments.

*Action: **Andrew Walker** to ensure the alcohol policy is revised, taking into account any comments from Board members, before the senior leadership event on 30 November.*

[Myfanwy Barrett and John Pullinger rejoined the meeting.]

5. Security Expenditure

5.1 Peter Mason introduced his paper. The Lords Management Board had already considered it and it had been agreed that there would need to be HR representation on the working group that took this work forward. An initiation document would be prepared to set out how this work could be taken on as swiftly as possible. One of the options the paper would consider would be the status quo. **Lawrence Ward** said that he fully supported the review's overall findings which provided an opportunity to realise savings whilst improving security.

5.2 The Board considered the paper. The following points were made during the discussion:

- The purpose of the review should be to both improve security and save money
- The two Houses should be more ambitious and set a savings target of 10%, with a stretch goal of 15%.

- It would be helpful to have greater clarity on the timing for delivering savings so these would be incorporated into next year's financial plan
- The New Zealand Parliament had managed to reduce the number of security staff it employed by placing greater emphasis on physical security, implementing a new access control system.
- Implementing some of the proposed changes would require additional work from the HR team. An equality analysis would need to be conducted early in the next stage of the project.

5.3 The Board agreed the actions in the paper. The initiation document would be sent to the Board for review.

5.4 The Board discussed the termly report on security expenditure.

5.5 The **Chairman**, on behalf of the Board, thanked Peter Mason for his work as Parliamentary Security Director and previously as Parliamentary Security Co-ordinator.

6. Estimate for 2013/14 and MTFP

6.1 Myfanwy Barrett introduced the paper. A further £2.6m of savings would need to be found to meet the target. No savings on security costs had been included as the work in this area was ongoing. The paper raised the possibility of funding being required for desktop replacement. PICT were doing a lot of work to implement other fixes so a full programme of replacements and upgrades might not be needed. Following concerns raised during the savings debate, and further discussions with the Chairs of the POST Board and the Finance and Services Committee, the savings from POST would not be taken. Instead the money would be found from the contingency. Greater flexibility in deployment of resource between POST and DIS would also be explored. There were a number of possible demands on the contingency next year, including: replacement of ICT hardware; the HR implementation programme; savings programme delivery; and possible work arising from relocation planning activity.

6.2 David Natzler raised the Liaison Committee's request for additional media officers as another potential additional upward cost. **Matthew Hamlyn** noted that the bar for agreeing to Members' requests for additional spending had been set very high, requiring a debate on the floor of the House. The **Chairman** said that it was worth absorbing the POST savings in the contingency to have secured the House's agreement to the rest of the savings package.

7. Staffing issues

7.1 The **Chairman** opened the discussion. There was a complex set of issues to consider. The comments in the staff survey and the recent letter from the TUS showed the need for the Board to take clear decisions on these issues. The HRPPP process had been very useful in providing the Board with a framework that it could adopt; "doing nothing" was not an option. This meeting should mark the end of the formal HRPPP project: any

implementation work would need to be linked to other HR changes, including those contained in the paper on pay and reward. By modernising the House Service's whole approach to pay and reward and addressing the issue of being broadly in line with the Civil Service, it should be possible to create a proposition that was attractive to our staff and to the Commission.

7.2 Andrew Walker introduced the papers. DHRC was rationalising all its HR working into two strands: the People Strategy which was looking at the longer term working environment and how to improve the organisation; and the 15-18 month project outlined in these papers to resolve the major challenges on pay reform and delivering the HR implications of the savings programme. Departments would need HR support, for instance to carry out restructures, to introduce new contracts and support new ways of working. **James Bigwood** clarified that the HR implementation project being suggested would not take control away from current departmental-led projects. Its purpose was to rationalise all the support DHRC was giving to these projects so that the department could better manage interdependencies and requests for support, share information across the business, and become a better supplier to other departments.

7.3 The Board considered the paper on HRPPP. The following points were made during the discussion:

- The aim of the meeting was to take a clear decision on HRPPP that could be shared with staff.
- The framework did a good job of providing a single framework that covered the diverse nature of work in the House.
- Not all staff currently understood HRPPP and its implications for them. The proposals would be welcomed by more staff when they were explained in greater detail.
- On HRPPP the Board should agree on the principle of flexi time and core annual hours supported by time recording; and an objective reward system based on the principles in the framework document including a small pot of money to reward those unable to take extra time worked as TOIL.
- Some staff would face material financial detriment under the proposed arrangements without careful handling. Further work was needed on this.
- No member of staff on a full-time contract should be obliged to move to a less than full-time contract. Work would be identified to allow all full-time staff currently on a full-time contract to work a full year. This was an issue for departmental management to resolve with the agreed framework.
- The existence of a comparatively small number of difficult cases should not delay the implementation of the framework for other staff.
- The Board would not be able to agree every detail of the policy at this meeting; the details would need to be negotiated with the Trade Unions.

- This marked the end of the HRPPP process. Any further work should be taken forward as part of a wider reform of the House Service's pay and reward package.

7.4 The Board considered the papers on pay and reward. The following points were made during the discussion:

- Option 5 would involve introducing an element of performance-related pay for bands A-E. Implementing a performance pay system could be introduced in the short term by adding to the existing system of PDMs rather than having to implement a new staff appraisal system.
- The Board needed to recognise that introducing performance-related pay would require them to make difficult decisions every year about the size of the bonus pot and how it was distributed between departmental portfolios. One of the attractions of option 5 was that it would reward staff for their performance, competence and expertise.
- Performance-related pay was used in the Civil Service. Introducing such a system in the House would be consistent with the wider aim of being broadly in line with the Civil Service.
- The costs of any pay increase would be cumulative.

Following these two discussions the Board:

- Endorsed the principles set out at paragraph 9 of the current version of the HRPPP Framework Document;
- Endorsed, in particular, the principle of annualised hours as reflected in paragraph 9.2, that "Anyone receiving a full time equivalent (FTE) salary should work a full time number of hours over the year";
- Endorsed the introduction of formalised flexitime along the lines set out in the current version of the Framework Document;
- Agreed to the continuation of time recording, for the time being using the existing system;
- Confirmed it was committed to doing its best to ensure that work is available for those staff on full time contracts whose total annual hours would otherwise fall short of a FTE total;
- Recognised that there would need to be effective transition arrangements for those staff experiencing significant financial disbenefit as a result of reduced hours;
- Would make adjustments to the proposed Banking of Hours and Trading Hours practices to ensure that, within the framework of annualised hours, those doing rostered or exceptional duties outside their normal hours could be fairly and promptly rewarded;
- Subject to the previous point, endorsed the current version of the Framework Document as the basis for negotiation.
- Agreed that information on the complexity and variety of current reward arrangements should be made more widely available to staff.
- Agreed that further modelling should be done on options 4 and 5 in the pay and reward paper.

*Action: **Andrew Walker** to ensure the proposed Banking of Hours and Trading Hours practices are adjusted to meet the concerns raised.*

*Action: **Andrew Walker** to ensure that the HRPPP team published information on current reward arrangements.*

*Action: **Andrew Walker** to ensure that further modelling is done on options 4 and 5 in the pay and reward paper.*

7.5 The Board considered the paper on managed staff reductions. The following points were made during the discussion:

- A targeted exit scheme would minimise the risk of the organisation losing staff it wanted to keep. This risk would also be further managed by setting tight eligibility criteria.
- A targeted scheme was one whose remit was restricted to specific areas of the business. Within that area specific pay bands or sub-areas could be focused on.
- The approach set out in the paper did not rule out further voluntary exits at a later stage.

The Board agreed the recommendation in paragraph 2.2 of the paper.

7.6 The Board discussed the paper on implementation. The following points were made during the discussion:

- The Board had agreed at a previous meeting to bring together these different strands of HR work on the condition that it would not slow down decision-making and implementation.
- Implementing the outcome of the three policy papers would require a lot of work by HR. The Board needed to be confident that DRHC had the capacity to deliver what is being proposed.
- Some of these activities were business as usual work for an HR department. It would be necessary to make use of existing HR resources. Departments should consider how to minimise the other demands they made of DHRC during the implementation period.
- The current HR teams did not have the capacity to deliver this amount of HR work and there would be serious consequences if it was not delivered effectively.
- The implementation of this work would require staff with a strong track record in delivery as well as HR specialist skills. A project plan with a clear timescale and concrete deliverables was needed to allow the Board to monitor progress.
- The implementation team would be structured in such a way to allow it to take forward each project separately if one or more elements stalled.

The Board agreed the three recommendations in the paper and that the implementation of this programme would depend upon effective project management discipline.

*Action: **Andrew Walker** to ensure that the HRPPP business case was completed and authorised.*

7.7 The Board discussed handling. The following points were made during the discussion:

- The Board wanted to make its views on HRPPP widely known as the proposal they were supporting would benefit the majority of staff.
- The proposals were likely to need to go to the Commission twice, once in November to share the overall approach and again in December when they would be asked to agree the pay remit.

The Board agreed that:

- Proposals should be taken to the Commission at their November meeting, followed by a communication to staff.
- The Commission would be presented with a paper that focused on the high level principles of the new scheme. This would be shared with Board members ahead of circulation.
- Board Members would feed back the Board discussions informally to senior staff. The paper to the Commission would be used as a guide for these discussions.

*Action: **Matthew Hamlyn** and **Andrew Walker** to draft the paper for the Commission and circulate in draft to Board members.*

[adjourned at 13:18 pm

Matthew Hamlyn
Secretary

Robert Rogers
Chairman

November 2012